

## Message Text

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PAGE 01 COLOMB 01835 101255Z

45

ACTION NEA-10

INFO OCT-01 ISO-00 SS-15 SP-02 L-03 AID-05 IGA-01 CIAE-00

INR-07 NSAE-00 ABF-01 OMB-01 FRB-03 TRSE-00 AGR-05

A-01 /055 W

----- 115723

P 101211Z JUN 75

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC PRIORITY 2871

C O N F I D E N T I A L COLOMBO 1835

E.O. 11652 XGDS

TAGS: PINT, PFOR, CE

SUBJ: PL-480 RUPEES AGAIN

REF: STATE 133126

1. W.T. JAYASINGHE, SECRETARY, MINISTRY OF  
DEFENCE AND FOREIGN AFFAIRS, ASKED AMBASSADOR  
TO COME IN ON URGENT BASIS JUNE 10 TO DISCUSS

QUESTION OF US OWNED PL-480 RUPEES. HE HAD  
BEFORE HIM JANADINA (FINANCE MINISTER' PARTY  
DAILY) OF JUNE 6 LISTING EMBASSY RUPEE WITH-  
DRAWALS BETWEEN JANUARY 1969 AND MAY 1970, WITH  
IMPLICATION MONEY WAS USED TO HELP UNITED  
NATIONAL PARTY IN 1970 ELECTION CAMPAIGN.

2. JAYASINGHE SAID THAT, ALTHOUGH PRIME  
MINISTER HAD MADE STATEMENT IN NATIONAL  
STATE ASSEMBLY JUNE 3 (COLOMBO 1767), SHE  
CONTINUED TO BE CONCERNED ABOUT RUPEE ISSUE  
BECAUSE SHE FEARED FINANCE MINISTER N.M.  
PERERA WOULD CONTINUE TO TRY EXPLICIT SUBJECT AS  
MEANS OF ATTACKING HER. SHE HAD THEREFORE  
BEFORE SHE LEFT FOR GENEVA JUNE 8,  
ASKED JAYASINGHE TO UNDERTAKE ADDITIONAL  
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PAGE 02 COLOMB 01835 101255Z

RESEARCH INTO ENTIRE HISTORY OF PL-480 RUPEE

UTILIZATION. JAYASINGHE STRESSED SEVERAL TIMES

THAT INQUIRY SHOULD IN NO WAY BE INTERPRETED AS QUESTIONING OF US MOTIVES. RATHER, HE WANTED TO ASSEMBLE, FOR PRIME MINISTER'S PRIVATE INFO ONLY, ALL BASIC FACTS IN ORDER ARM HER FOR FUTURE CONTINGENCIES. HE ADDED THAT ACTING PRIME MINISTER MAITHRAIPALA SENAYEKE WAS AWARE THAT JAYASINGHE WAS REQUESTING AMBASSADOR'S HELP

3. JAYASINGHE THEN ASKED THAT EMBASSY PROVIDE LIST OR ACCOUNTING OF ALL WITHDRAWALS OF US-OWNED PL-480 RUPEES "FROM THE BEGINNING"

TOGETHER WITH PURPOSES FOR WHICH THEY WERE USED, BY JUNE 16 IF POSSIBLE. JAYASINGHE VOLUNTEERED RESULTS OF HIS OWN RESEARCH, MUCH OF WHICH WAS INACCURATE AND AT VARIANCE WITH OUR FINDINGS (COLOMBO 1645). HE SAID, FOR EXAMPLE, THAT ACCORDING TO INFORMATION AVAILABLE TO HIM NO DEPOSITS HAD BEEN MADE IN COMMERCIAL ACCOUNTS SINCE JUNE 1966 AND THAT N.M. WOULD ARGUE THAT WAS CIRCUMSTANTIAL EVIDENCE THAT USG ACCEPTED JUNE 1966 "AGREEMENT" AND HAD VIOLATED IT BY APRIL 1975 RS 1 MILLION DEPOSIT IN GRINDLAYS. JAYASINGHE EXPRESSED VIEW EMBASSY WAS VULNERABLE ON SCORE OF JUNE 1966 EXCHANGE OF LETTERS.

4. AMB AT SEVERAL POINTS EMPHASIZED IT WAS NECESSARY TO SEPARATE TECHNICAL-LEGAL QUESTION OF JUNE 1966 COMMUNICATIONS, WHICH EMBASSY HAD ALREADY AGREED TO INVESTIGATE, FROM FUNDAMENTAL POLITICAL CHARGES FINANCE MINISTER HAD MADE. JAYASINGHE CONCURRED BUT SAID TWO ISSUES GOT FUZZED UP IN AVERAGE CEYLONENSE MIND. AMB SAID WE WOULD DO ALL WE COULD TO PROVIDE REQUIRED INFO.

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PAGE 03 COLOMB 01835 101255Z

5. COMMENT: LEFT WILL NOT LET PL-480 RUPEE ISSUE DIE. JANADINA (LANKA SAMA SAMAJA PARTY) CARRIED EDITORIAL JUNE 7 AND ETHTHA (COMMUNIST PARTY/MOSCOW) RAN TWO ON JUNE 9, ALL ON THEME OF NEED TO FIND OUT REAL TRUTH, DESPITE PRIME MINISTER'S STATEMENT.

6. WE WISH TO ASSIST JAYASINGHE AND PRIME

MINISTER TO MAXIMUM EXTENT. OUR RECORDS ON  
RUPEE WITHDRAWALS AND EXPENDITURES, HOWEVER,  
GO BACK ONLY TO JULY 1966. CAN DEPT  
SUPPLY EARLIER DATA? IT IS ALSO ESSENTIAL  
THAT WE HAVE OFFICIAL US POSITION ON  
ENTIRE ISSUE OF US-OWNED PL-480 RUPEES IN  
INTEREST-BEARING ACCOUNTS (REFTEL) BEFORE  
WE RESPOND TO JAYASINGHE. WE ARE AIMING FOR  
JUNE 16 TARGET. PLEASE REPLY SOONEST.  
VAN HOLLEN

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PL 480, RUPEE, DIPLOMATIC DISCUSSIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975COLOMB01835  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** X1  
**Errors:** N/A  
**Film Number:** D750201-1187  
**From:** COLOMBO  
**Handling Restrictions:** n/a  
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**Line Count:** 125  
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**Office:** ACTION NEA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 STATE 133126  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 16 JUN 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <16 JUN 2003 by CunninFX>; APPROVED <17 JUN 2003 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PL-480 RUPEES AGAIN  
**TAGS:** PINT, PFOR, CE, US, (JAYASINGHE, W T), (VAN HOLLEN, CHRISTOPHER)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006